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C O N F I D E N T I A L SECTION 01 OF 04 DILI 000333

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DEPT FOR EAP/MTS
NSC FOR HOLLY MORROW
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E.O. 12958: DECL: 6/26/2016
TAGS: [PGOV](#) [MOPS](#) [ASEC](#) [KCRM](#) [AS](#) [TT](#)
SUBJECT: EAST TIMOR SITREP: PRESIDENT ACCEPTS PRIME MINISTER'S
RESIGNATION

REF: (A) DILI 316; (B) DILI 329

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CLASSIFIED BY: Grover Joseph Rees, Ambassador, U.S. Embassy
Dili, Department of State.
REASON: 1.4 (b), (d)

(1) (U) Summary:

--- President accepts Prime Minister's resignation;
--- Alkatiri requested concessions, including amnesty;
--- President to consult Council of State tomorrow on
transition government;
--- Ramos-Horta remains in office;
--- Demonstrators happy, but counter-demonstrators may arrive
tomorrow;
--- Security in Dili.
End Summary.

President accepts Prime Minister's resignation

(U) Prime Minister Mari Alkatiri sent a letter of resignation
to President Xanana Gusmao late this afternoon. The President
immediately accepted the resignation.

(SBU) The resignation came almost a week after President Gusmao
had demanded Alkatiri's resignation and threatened to dismiss
him if he did not resign. In the interim Alkatiri repeatedly
told the President and other interlocutors that he was "willing"
or "ready" to resign, only to step back from the decision and
propose alternative solutions and/or further dialogue. Even
Alkatiri's public announcement this morning, which was reported
as a resignation by the international press, was actually only
another announcement of "readiness" to resign. The Prime
Minister also announced that he was "ready" to engage in
dialogue with the President about a transitional government and

to "help" with the national budget. Observers close to the situation, including the President, interpreted this statement not as a resignation but as an indication of willingness to engage in dialogue about the possibility of resignation. The President reportedly sent a message to the Alkatiri camp that he would consider transitional arrangements only after receiving an unequivocal letter of resignation from the Prime Minister. Late this afternoon the President finally received such a letter. The letter also reportedly offered to remain as Prime Minister until such time as the national budget is approved by Parliament --- a process that could take weeks or even months --- but the President has issued a press release saying he had "informed Dr. Alkatiri that his resignation enters into effect as from today."

Alkatiri requested concessions, including amnesty

(SBU) Some of the then-Prime Minister's transitional concerns had to do with his personal situation. Foreign Minister Jose Ramos-Horta, who has acted as an intermediary between Gusmao and Alkatiri, told the Dili diplomatic corps this morning that on Friday the Prime Minister had said he would resign but had stated three concerns: whether he would be allowed to retain his government residence; whether his six-person security detail could be protected from retaliation, suggesting that such protection might come in the form of emigration to Australia or some other country; and whether he would be permitted to take a foreign vacation for several months before returning to Timor. This last concern may have arisen from reports that prosecutors may be prepared to charge Alkatiri with illegal distribution of arms. According to Ramos-Horta, the Prime Minister raised these three concerns with him again this morning, plus an additional item: Alkatiri suggested a general amnesty for everyone who had committed crimes in connection with the crisis that has gripped the country since April 28.

(SBU) Another set of transition concerns were political.

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Although the ruling Fretilin party's Central Committee (CCF) unanimously passed a resolution yesterday to oppose Alkatiri's resignation, this may have been part of a strategy to extract a commitment from the President to accept a Fretilin insider as the new Prime Minister. A CCF delegation consisting of Minister of State Administration Ana Pessoa, Minister of Agriculture Estanislau Da Silva, Minister of Labor Arsenio Bano, and Timor Sea Designated Authority Director Jose Lobato had requested a meeting with the President this morning to discuss transition arrangements, even before the Prime Minister's announcement of "readiness" to resign. The delegation reportedly intended to propose Pessoa as a successor Prime Minister. The President did not meet with the delegation today.

(SBU) Comment: The President's acceptance of prime Minister's Alkatiri's resignation does not rule out the possibility of addressing some or all of the Fretilin leadership's political concerns, or even the former Prime Minister's personal concerns.

It does, however, suggest that these concerns will now be addressed on their merits rather than as preconditions for a solution to the political crisis. End Comment.

President to consult Council of State tomorrow on transition government

(U) In the press release announcing his acceptance of the Prime Minister's resignation, the President also announced that he has called a meeting of the Council of State for tomorrow morning, June 27. The Council of State, which met last week to consider President Gusmao's proposal that Alkatiri either resign or be dismissed (see Ref A), is also charged by the Constitution to "advise the President of the Republic in the exercise of his or her functions, as requested by the President."

(C) Gusmao's decision to meet immediately with the Council of State, rather than to meet first with the Fretilin leadership, took some observers by surprise. Article 106 of the Constitution states that a new Prime Minister is nominated by the "political party or alliance of political parties with a parliamentary majority" and appointed by the President after consultation with all parties in Parliament. The President has stated recently, however, that there is currently no legally elected Fretilin leadership to propose a new Prime Minister, since the recent Fretilin Congress elected party officers by show of hands rather than secret ballot as required by law --- a surprise maneuver that may well have affected the outcome of the election. See Ref A. Last week he requested that the delegates to the Fretilin Congress be recalled to elect party officers in accordance with law. See Ref A. This weekend's CCF meeting was expected to address the President's request, but did not do so.

(C) According to his Chief of Staff, Agio Pereira, President Gusmao may seek to moot the legal issue by asking someone --- most likely Ramos-Horta --- to attempt to form a government by consulting directly with members of Parliament, not with party committees. Ramos-Horta could comply with the Constitution by forming a government acceptable to the Fretilin Members of Parliament, even if it were not acceptable to the CCF, which is dominated by members of the "Mozambique group" and other close Alkatiri associates. Alternatively, he could form a government acceptable to an "alliance of parties with a parliamentary majority" if 15 or so of the 55 Fretilin members of Parliament could be persuaded to join 30 or so of the 33 opposition members. If, after diligent efforts, it appeared impossible to form a government acceptable both to the majority party or alliance in Parliament and to the President, the President could invoke article 86 of the Constitution, which gives him the authority to dissolve the National Parliament and hold new elections in cases of "serious institutional crisis preventing the formation of a government."

(C) Among candidates for Prime Minister reportedly favored by the current leadership of Fretilin are Minister Pessoa and

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Minister Da Silva. Although both of these candidates --- like Alkatiri --- are regarded as capable, and neither is tainted with the allegations of criminal activity and personal corruption that have been made against Alkatiri, both are members of the Mozambique group and have been regarded as among Alkatiri's closest political allies. It is far from clear that the replacement of Alkatiri with Pessoa or Da Silva would help to end the ongoing political crisis.

(SBU) Bishop Alberto Ricardo Da Silva of Dili, who met with the President this afternoon, later told the press that he had urged the President to select someone with broad popular appeal, such as Ramos-Horta or Jose Luis Guterres, East Timor's Ambassador to the United Nations and to the United States. Many observers, including President Gusmao, believe Guterres would have defeated Alkatiri for Fretilin's top leadership position (Secretary General) in May if the vote had been by secret ballot as required by law. Ambassador Guterres is reportedly en route from New York to East Timor.

(SBU) A possible compromise candidate is Minister of Health Rui De Araujo, a highly regarded official who is not a Fretilin party member but who is reportedly on a list of candidates recommended by Alkatiri.

Ramos-Horta remains in office

(SBU) Alkatiri's resignation also mooted, at least for the duration of the crisis, the announced resignation of Foreign/Defense Minister Ramos-Horta. Late yesterday (June 25), Ramos-Horta had announced that he would resign from both Cabinet positions but would remain on the job until a successor or successors are chosen. This announcement appears to have been intended primarily as a means to apply greater pressure on

Alkatiri to resign, since it was unlikely that Prime Minister Alkatiri and President Gusmao could have reached agreement on new Ministers of Foreign Affairs and Defense at any time in the foreseeable future. In subsequent statements Ramos-Horta made it clear that he would be available to serve in a new cabinet if called upon to do so. Horta's resignation announcement was followed by similar resignation announcements from Transportation Minister Ovidio Amaral, Vice Minister of Health Luis Lobato, and the Prime Minister's Gender Advisor, Domingas Alves. Rumors proliferated overnight that additional cabinet members would soon resign, but these rumors died down after word got out of Alkatiri's latest announcement.

Demonstrators happy, but counter-demonstrators may arrive tomorrow

(SBU) The anti-Alkatiri demonstration in Dili, consisting of at least several thousand demonstrators and perhaps up to 20,000, continued today. The news of Alkatiri's resignation was met with cheers and honking of horns, and the demonstration now appears to have transformed into a giant street party. Many, but not most, of the demonstrators appear to have left Dili in response to the news of Alkatiri's resignation.

(SBU) Embassy continues to receive reports that pro-Alkatiri demonstrators may enter from the East. As of this writing, approximately 30 vehicles carrying an estimated 700 to 800 pro-Alkatiri demonstrators are in Metinaro (approximately 40 minutes east of Dili by road) where they stopped to allow their whole convoy to assemble before entering Dili. There remains a small chance that they will head into Dili this evening, but it is more likely that they will arrive tomorrow, and it is also possible that today's events will persuade some or all of them not to come at all. According to Foreign Minister Ramos-Horta, many of these demonstrators have been misled by Fretilin organizers who have told them that President Gusmao is about to be overthrown by the Australian forces, and that they believe they will be demonstrating in support of East Timor's

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sovereignty rather than of Alkatiri personally. Emboff traveled to Metinaro today and found the crowd to be more antagonistic than the current crowds in Dili. There are concerns that their arrival could create a more volatile environment in Dili, but the Australian-led Joint Task Force (JTF) plans to keep the two groups of demonstrators separate.

Security in Dili

(U) The Australian Federal Police (AFP) reported a minor fire near the Palacio do Governo over the weekend and several gunshots in the Fatuhada and Marconi neighborhoods. Three Timorese in a green SUV were reportedly stopped by demonstrators near the Portuguese Ambassador's residence. Portuguese special police (GNR) intervened, but not before the incident reportedly resulted in a broken windshield.

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